



GOLD REEF RESORTS

(Incorporated in the Republic of South Africa)
"Gold Reef" or "the Company" or "the Group"
Registration Number 1989/002108/06 | Share Code: GDF | ISIN: ZAE 000028338



CONDENSED CONSOLIDATED INCOME STATEMENT

		UNAUDITED FOR THE 6 MONTHS ENDED 30 JUNE 2009	RESTATED FOR THE 6 MONTHS ENDED 30 JUNE 2008	AUDITED FOR THE 12 MONTHS ENDED 31 DEC 2008
	%	Rm	Rm	Rm
Revenue	3	1 087	1 054	2 197
Net gaming win	3	1 017	984	2 042
Theme Park	-	28	28	67
Food and beverage	7	15	14	32
Other	(4)	27	28	56
Other income		1	*	1
		1 088	1 054	2 198
Gaming levies and VAT		(204)	(198)	(410)
Employee costs		(249)	(240)	(463)
Promotional and marketing costs		(59)	(61)	(133)
Depreciation and amortisation		(90)	(75)	(161)
Other operating expenses		(175)	(173)	(326)
Operating profit	1	311	307	705
Finance income		28	46	80
Finance costs		(96)	(94)	(214)
Profit before equity accounted earnings		243	259	571
Share of loss of associate		(3)	(4)	(8)
Profit before taxation	(6)	240	255	563
Taxation expense		(94)	(95)	(188)
Profit for the period	(9)	146	160	375
Profit attributable to:				
Equity holders of Gold Reef	(8)	140	152	358
Minority interest		6	8	17
		146	160	375
Number of shares in issue (000)		291 990	291 990	291 990
Weighted average number of shares in issue (000)		274 859	273 715	274 006
Earnings per share (cents)	(8)	50,9	55,5	130,7
Diluted earnings per share (cents)	(8)	50,9	55,5	130,7

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	UNAUDITED FOR THE 6 MONTHS ENDED 30 JUNE 2009	RESTATED FOR THE 6 MONTHS ENDED 30 JUNE 2008	AUDITED FOR THE 12 MONTHS ENDED 31 DEC 2008
	Rm	Rm	Rm
Profit for the period	146	160	375
Other comprehensive income for the period, net of tax	(1)	52	(67)
Fair value (loss)/gain on interest rate hedge	(1)	73	(93)
Fair value loss on foreign exchange hedge	*	-	-
Income tax relating to components of other comprehensive income	*	(21)	26
Total comprehensive income for the period	145	212	308
Total comprehensive income attributable to:			
Equity holders of Gold Reef	139	204	291
Minority interest	6	8	17
	145	212	308

CONDENSED CONSOLIDATED BALANCE SHEET

	UNAUDITED AT 30 JUNE 2009	RESTATED AT 30 JUNE 2008	AUDITED AT 31 DEC 2008
	Rm	Rm	Rm
ASSETS			
Non-current assets			
Property, plant and equipment	2 506	2 484	2 545
Leasehold improvements	153	105	123
Intangible assets	1 186	1 189	1 187
Deferred tax assets	6	33	5
Investment in associate	25	48	31
Derivative financial instruments	-	106	-
Share scheme	27	41	33
	3 903	4 006	3 924
Current assets			
Inventories	18	20	19
Receivables and prepayments	38	72	30
Current tax assets	13	2	7
Cash and cash equivalents	326	231	443
Amounts owing by related parties	*	*	*
	395	325	499
Total assets	4 298	4 331	4 423
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary share capital	6	6	6
Share premium	1 860	1 860	1 860
Treasury shares	(72)	(71)	(71)
	1 794	1 795	1 795
Share-based payment reserve	385	383	382
Other reserves	(566)	(441)	(565)
Retained earnings	759	593	799
	2 372	2 330	2 411
Minority interest	37	34	43
Total equity	2 409	2 364	2 454
Non-current liabilities			
Interest-bearing borrowings	1 418	1 501	1 506
Deferred tax liabilities	58	55	54
Derivative financial instruments	26	-	21
Other non-current liabilities	1	-	-
	1 503	1 556	1 581
Current liabilities			
Trade and other payables	137	139	135
Provisions	60	64	57
Bank overdraft	-	25	*
Current tax liabilities	1	20	8
Current portion of interest-bearing borrowings	188	163	188
Amounts owing to related parties	*	*	*
	386	411	388
Total equity and liabilities	4 298	4 331	4 423

* Amount less than R1million

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	SHARE CAPITAL NET OF TREASURY SHARES Rm	RESERVES** Rm	RETAINED EARNINGS Rm	MINORITY INTEREST Rm	TOTAL EQUITY Rm
Restated balance at 1 January 2008	1 767	(116)	718	32	2 401
Total comprehensive income for the period ended 30 June 2008	-	52	152	8	212
Profit for the period	-	-	152	8	160
Fair value gain on interest rate hedge, net of tax	-	52	-	-	52
Net movement between share scheme and participants	28	-	-	-	28
Recognition of share-based payments	-	6	-	-	6
Dividend paid	-	-	(277)	-	(277)
Dividend paid to minorities by subsidiaries	-	-	-	(6)	(6)
Restated balance at 30 June 2008	1 795	(58)	593	34	2 364
Total comprehensive income for the period ended 31 December 2008	-	(119)	206	9	96
Profit for the period	-	-	206	9	215
Fair value loss on interest rate hedge, net of tax	-	(119)	-	-	(119)
Net movement between share scheme and participants	-	(5)	-	-	(5)
Reversal of share-based payments	-	(1)	-	-	(1)
Balance at 31 December 2008	1 795	(183)	799	43	2 454
Total comprehensive income for the period ended 30 June 2009	-	(1)	140	6	145
Profit for the period	-	-	140	6	146
Fair value loss on interest rate hedge, net of tax	-	(1)	-	-	(1)
Fair value loss on foreign exchange hedge, net of tax	-	*	-	-	*
Net movement between share scheme and participants	(1)	-	-	-	(1)
Recognition of share-based payments	-	3	-	-	3
Dividend paid	-	-	(180)	-	(180)
Dividend paid to minorities by subsidiaries	-	-	-	(12)	(12)
Balance at 30 June 2009	1 794	(181)	759	37	2 409

** "Reserves" comprise of "Share-based payment reserve" and "Other reserves". These reserves are disclosed separately on the balance sheet.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	UNAUDITED FOR THE 6 MONTHS ENDED 30 JUNE 2009	RESTATED FOR THE 6 MONTHS ENDED 30 JUNE 2008	AUDITED FOR THE 12 MONTHS ENDED 31 DEC 2008
	Rm	Rm	Rm
Cash flow from operating activities			
Profit before taxation	240	255	563
Non-cash items and other adjustments	167	146	339
	407	401	902
(Increase)/decrease in net current assets	(1)	13	45
Cash flow from operating activities	406	414	947
Finance income	31	20	45
Finance costs	(96)	(94)	(214)
Taxation paid	(104)	(103)	(186)
Dividend paid	(180)	(277)	(277)
Net cash generated/(utilised) in operating activities	57	(40)	315
Cash flow from investing activities			
Additions to property, plant and equipment	(48)	(277)	(422)
Additions to leasehold improvements	(33)	(3)	(23)
Proceeds from disposal of property, plant and equipment	*	1	3
Investment in available-for-sale financial instruments	-	-	-
Investment in intangibles	-	*	*
Loans repaid by/(advanced to) associate	3	(10)	3
Loans repaid by/(advanced to) related parties	*	(1)	(2)
Net cash utilised in investing activities	(78)	(290)	(441)
Cash flow from financing activities			
Shares repurchased by share scheme	(1)	*	(34)
Decrease in share scheme loans	6	9	46
Dividend and loan repayments to outside shareholders	(12)	(6)	(6)
(Decrease)/increase in interest-bearing borrowings	(89)	216	246
Net cash (utilised)/generated in financing activities	(96)	219	252
Net (decrease)/increase in cash and cash equivalents	(117)	(111)	126
Cash and cash equivalents at beginning of period	443	317	317
Cash and cash equivalents at end of period	326	206	443

SUPPLEMENTARY INFORMATION

	UNAUDITED FOR THE 6 MONTHS ENDED 30 JUNE 2009	RESTATED FOR THE 6 MONTHS ENDED 30 JUNE 2008	AUDITED FOR THE 12 MONTHS ENDED 31 DEC 2008
	Rm	Rm	Rm
EBITDAR RECONCILIATION			
Operating profit	311	307	705
Property and equipment rental	9	11	20
Depreciation and amortisation	90	75	161
EBITDAR	410	393	886
Weighted average number of shares in issue (000)	274 859	273 715	274 006
EBITDAR per share (cents)	149,2	143,6	323,4
EBITDAR margin (%)	37,7	37,3	40,3
HEADLINE EARNINGS RECONCILIATION			
Attributable profit for the period	140	152	358
Impairment of intangible	-	-	*
Profit on sale of property, plant and equipment	*	*	*
Headline earnings	140	152	358
Weighted average number of shares in issue (000)	274 859	273 715	274 006
Headline earnings per share (cents)	50,9	55,5	130,7
Diluted headline earnings per share (cents)	50,9	55,5	130,7

* Amount less than R1million

- * Revenue up 3% to R1,1bn
- * EBITDAR up 4% to R410m
- * Gauteng market share increased to 25,6%
- * Strong balance sheet

NOTES TO THE INTERIM FINANCIAL RESULTS

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial results for the six months ended 30 June 2009 have been prepared in accordance with IAS 34 - *Interim financial reporting*, AC500 Standards as issued by the Accounting Practices Board and the requirements of the South African Companies Act, 1973. The condensed consolidated interim financial results should be read in conjunction with the annual financial results for the year ended 31 December 2008, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

In line with IAS18 - *Revenue*, the Group has amended the accounting treatment applied to promotional allowances for complimentary beverages, meals and accommodation. The revenue and related expenses previously recognised as part of food and beverage and hotel revenue are now eliminated against the corresponding promotional costs recognised in gaming expenses. The June 2008 comparatives have been restated accordingly.

Had this accounting policy been applied in the previous comparative period, revenue would have amounted to R1,05m, 2% lower than the R1,08m then reported. All revenue values reported for the prior comparative period have been restated to show the effect of the change in accounting policy. This restatement has no effect on earnings per share ("EPS"), headline earnings per share ("HEPS") or earnings before interest, tax, depreciation, amortisation and rental ("EBITDAR").

Gold Reef has previously reported Adjusted EBITDAR and Adjusted HEPS in both the December 2008 annual financial statements as well as in the interim financial results for the period ended 30 June 2008. Both Adjusted EBITDAR and Adjusted HEPS were arrived at after adjusting for charges relating to corporate activity and various non-recurring items. Since these charges are no longer considered to be material, Adjusted EBITDAR and Adjusted HEPS have not been reported for the interim period ended 30 June 2009.

2. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2008, as described in those annual financial statements.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2009.

- **IAS 1 (revised), 'Presentation of financial statements'**. The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement. Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has elected to present two statements: an income statement and a statement of comprehensive income. The interim financial results have been prepared under the revised disclosure requirements.

- **IFRS 8, 'Operating segments'**. IFRS 8 replaces IAS 14, 'Segment reporting'. The standard requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented, as previously the Company only reported one business segment, being casino operations. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Group executive directors who are responsible for making strategic decisions.

3. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Group executive directors. These individuals review the Group's internal reporting in order to assess performance and allocate resources and have determined the operating segments based on these reports.

The Group executive directors consider the business from both a geographic and operational perspective and assess the performance of the operating segments based on a measure of Revenue and EBITDAR.

www.goldreefresorts.com

DIRECTORS: EN Banda (Chairman) > ; MG Diliza > ; JC Farrant > ;
JS Friedman; SB Joffe (Chief Executive Officer); MZ Krok > ; S Krok > ; ZJ Matlala > ;
C Neuberger; TM Sadiki; PCM September*; P Vallet*
(*Non-Executive Director > Independent Director **Alternate Director #Austrian Citizen)

COMPANY SECRETARY JS Friedman
REGISTERED OFFICE Gold Reef City, Gate 4, Northern Parkway, Ormonde, 2091
TRANSFER SECRETARIES Link Market Services South Africa (Pty) Limited
5th Floor, 11 Diagonal Street, Johannesburg, 2001
SPONSOR Deutsche Securities (SA) (Proprietary) Limited
INVESTOR RELATIONS College Hill (Proprietary) Limited

Interim financial results for the six months ended 30 June 2009 (“the period”)

SEGMENTAL ANALYSIS

	REVENUE			EBITDAR			EBITDAR MARGIN		CASH ON HAND		DEBT				CAPEX				TOTAL CAPEX			
	REVENUE			EBITDAR			EBITDAR MARGIN		CASH ON HAND		NON-CURRENT		CURRENT		NET DEBT		DEVELOPMENTAL		OPERATIONAL		TOTAL CAPEX	
	JUNE 2009	JUNE 2008	%	JUNE 2009	JUNE 2008	%	JUNE 2009	JUNE 2008	JUNE 2009	JUNE 2008	JUNE 2009	JUNE 2008	JUNE 2009	JUNE 2008	JUNE 2009	JUNE 2008	JUNE 2009	JUNE 2008	JUNE 2009	JUNE 2008	JUNE 2009	JUNE 2008
Gold Reef City Casino	482	474	2	175	171	2	36,3	36,1	18	21	(160)	(218)	(58)	(58)	(200)	(255)	-	48	7	-	7	48
Gold Reef City Theme Park	34	34	-	(3)	(1)	(200)	(8,8)	(2,9)	(2)	(2)	-	-	-	-	(2)	(2)	2	-	3	3	5	3
Silverstar Casino	262	233	12	95	73	30	36,3	31,3	238	120	(1 163)	(1 161)	(96)	(71)	(1 021)	(1 112)	1	202	5	11	6	213
Golden Horse Casino	121	117	3	51	54	(6)	42,1	46,2	8	17	(35)	(42)	(13)	(13)	(40)	(38)	33	3	13	6	46	9
Mykonos Casino	55	56	(2)	22	24	(8)	40,0	42,9	5	9	-	-	-	-	5	9	3	-	4	2	7	2
Garden Route Casino	76	81	(6)	34	40	(15)	44,7	49,4	34	29	(21)	(29)	(8)	(8)	5	(8)	8	-	1	2	9	2
Goldfields Casino	57	58	(2)	23	26	(12)	40,4	44,8	6	7	(39)	(51)	(13)	(13)	(46)	(57)	-	-	1	3	1	3
Queens Casino	24	20	20	4	1	300	16,7	5,0	3	4	(42)	-	(8)	-	(47)	4	*	26	*	1	*	27
Gold Reef Management	34	30	13	4	(3)		11,8	(10,0)	11	(4)	-	-	-	-	11	(4)	-	-	*	*	*	*
Gold Reef Resorts	-	-	-	5	11	(55)			4	2	-	-	-	-	4	2	-	-	-	-	-	-
Consolidation and other group companies >	(58)	(49)		*	(3)				1	3	42	-	8	-	51	3	*	(26)	*	(1)	*	(27)
	1 087	1 054	3	410	393	4	37,7	37,3	326	206	(1 418)	(1 501)	(188)	(163)	(1 280)	(1 458)	47	253	34	27	81	280

^ Revenue figures have been restated for the effects of the elimination of inter-departmental charges in terms of IAS 18 – Revenue.

* Amount less than R1million

> Included in “Consolidation and other group companies” is the elimination of Queens Casino’s results due to it being equity accounted.

COMMENTARY

In a tough trading environment, Gold Reef produced a good performance for the six months ended 30 June 2009 with increases in both Revenue and EBITDAR. Group revenue was up 3% to R1,1bn compared to the same period last year with a strong performance in Gauteng. Net gaming win increased by 3% while food and beverage revenue increased by 7% from the prior comparative period. This was achieved despite a deterioration in footfall as consumers felt the pressures of high interest rates and the inflationary environment. The Company’s growth was higher relative to the overall market, with market shares growing in most provinces.

EBITDAR increased by 4% to R410m. The Company continued its active focus on cost control, thereby growing the Group EBITDAR margin to 37,7%. Employee cost pressures were offset somewhat by headcount reductions through natural attrition and operating costs were reduced by the non-recurrence of pre-opening expenses at Silverstar Casino and Queens Casino, incurred in the prior comparative period.

Depreciation and amortisation increased by 20% to R90m, due mainly to the capital expenditure incurred at Silverstar Casino, which opened in stages over a 10 month period to September 2008. Net finance costs increased by 42% to R68m, due largely to interest on the Silverstar Casino debt, with a portion of the interest having been capitalised in the prior comparative period. The finance charges include a R1m fair value adjustment on interest rate hedges compared to R13m included in finance income in the prior comparative period. Three of the Company’s interest rate hedges have expired after period end with a further one due to expire in November 2009. Net Group debt was R1,3bn on 30 June 2009.

As a result of higher depreciation and finance costs, HEPS fell by 8% to 50,9 cents. If the effects of the interest rate hedge fair value adjustments are excluded from both periods, HEPS increased by 1% from 50,8 cents to 51,3 cents.

Cash flow remained strong during the period with cash generated from operations of R406m. Since all properties within the Group will be recently opened or newly refurbished by the end of 2009, Gold Reef has embarked on the conversion of all remaining properties to smart card gaming. This is expected to be completed in the first half of 2010.

As in previous years, the Company has not declared a dividend at the interim period. The dividend of 65,0 cents declared for the previous financial year was paid on 20 April 2009.

OPERATIONS

GAUTENG

Total gaming revenue in Gauteng increased by 1% for the period under review while the Company’s overall market share for Gauteng grew from 24,5% to 25,6%. The markets for Gold Reef City and Silverstar Casino have now stabilised and going forward, plans are to leverage each casino’s strong market position with joint marketing promotions.

Gold Reef City

Gold Reef City increased its gaming revenue by 3% from the same period last year. The casino’s total revenue increased 2% to R482m and, together with active cost control, there was margin improvement with EBITDAR increasing 2% to R175m and the EBITDAR margin growing to 36,3%.

With a successful change to its production mix, the theatre performance showed a marked improvement, with losses substantially reduced from R14m to R5m for the six-month period ended June 2009.

Trading at the Theme Park was adversely affected by difficult economic conditions. Revenue experienced no growth from the prior comparative period while inflationary pressures on costs resulted in losses increasing by R2m. A refurbishment of the hotel has recently commenced.

Silverstar Casino

Silverstar Casino reported a pleasing performance with revenue up 12% to R262m. This increase was enhanced by the phased opening of the casino in 2008. Footfall at the casino was up by 38% from the prior comparative period. Trading has stabilised and is now at predictable base levels going forward. The increase in the EBITDAR margin from 31,3% to 36,3% has been driven by improved revenue levels and strict cost controls.

With debt having peaked in the final quarter of 2008, external debt amounted to R1,2bn at 30 June 2009 and is repayable over 10 years.

KWAZULU-NATAL

Golden Horse Casino

Golden Horse Casino revenue grew 3% to R121m, in line with the growth in gaming revenue for KwaZulu-Natal. Performance was impacted by the tough consumer environment and also by a major refurbishment of the gaming floor, food and beverage facilities, conferencing and the hotel. In addition, smart card gaming has been introduced. The refurbishment is expected to be completed within the current quarter and remains within the budget of R81m.

EBITDAR fell by 6% to R51m and the EBITDAR margin decreased to 42,1% as a result of inflationary pressures on costs.

WESTERN CAPE

The economy in the Western Cape was one of the hardest hit, with the property and tourism sectors most significantly affected. Gaming revenue in the province fell 8%.

Mykonos Casino

Revenue at Mykonos Casino fell 2% to R55m, an acceptable achievement considering the difficult market conditions as well as a decline in footfall of 15%. The refurbishment of the casino has been completed and 22 slot machines have been added to the gaming floor.

Costs were well managed but EBITDAR fell by 8% to R22m due to the high level of fixed costs, impacted by inflation. The EBITDAR margin reduced to 40,0%.

Garden Route Casino

The casino faced tough trading conditions with revenue decreasing by 6% to R76m, perpetuated by a 5% decline in footfall from the previous comparative period.

The casino is due to undergo a refurbishment in the second half of the year to include 36 new slot machines and improvements to the gaming floor as well as the food and beverage facilities. Additionally, the casino will also convert to smart card gaming. In this regard, capex of R37m will be funded out of cash resources.

EBITDAR fell by 15% to R34m, reducing the EBITDAR margin to 44,7%.

FREE STATE

Goldfields Casino

The fall in revenue at this casino was contained to 2% at R57m as footfall fell 8% from the prior comparative period. This compared to a market decline of 1% in the province.

EBITDAR fell by 12% to R23m and the EBITDAR margin was lower at 40,4% despite a strong focus on cost control. The casino is expected to benefit from an upgrade to the adjacent shopping complex which is planned to commence shortly.

EASTERN CAPE

Queens Casino

Gaming revenue in the Eastern Cape was down 4%. Queens Casino revenue was up 20% to R24m, due largely to the phased opening of the casino in the prior comparative period.

EBITDAR grew by R3m to R4m with an EBITDAR margin of 16,7% achieved.

BLACK ECONOMIC EMPOWERMENT

All of the relevant gaming boards have now approved the application for the acquisition by Main Street 581 (Proprietary) Limited (an indirect, wholly owned subsidiary of Tsogo Sun Holdings (Proprietary) Limited (“Tsogo Sun”)) of the shares of certain empowerment shareholders of Gold Reef, although the Eastern Cape Gambling and Betting Board is yet to give reasons for its approval.

The acquisition will mean that Tsogo Sun will control the BEE voting pool and an aggregate 34,8% stake in Gold Reef. Gold Reef is engaging with Tsogo Sun and the relevant gaming boards to ensure that Gold Reef continues to comply with its objectives of ensuring sufficient empowerment in Gold Reef for commercial, strategic and regulatory reasons, including complying with all license conditions.

DIRECTORATE

M Krok resigned on 2 July 2009 as chairman and director of Gold Reef for personal reasons. As a result of Casinos Austria’s disinvestment in Gold Reef, J Leutgeb also resigned as a director of the Company on 2 July 2009. In accordance with the board of directors’ (“the board”) age retirement policy, AJ Aaron retired as a director on 8 July 2009. The board thanks them for their commitment and valuable contribution.

Dr EN Banda has been appointed independent non-executive chairman of Gold Reef by the board. On 25 August 2009 P Vallet was appointed as a non-executive director of Gold Reef by the board.

PROSPECTS

The tough trading conditions are expected to persist into the second half of the financial year with consumer activity remaining subdued. However, with interest rates having decreased 5% since December last year, consumer spend is expected to improve with time.

Notwithstanding these tough conditions, Gold Reef remains well-positioned and is conservatively geared. Focus on costs will remain a priority. The joint marketing initiatives in Gauteng are also expected to benefit the business going forward.

Gold Reef remains well placed to benefit from an improvement in economic conditions and will continue to pursue development initiatives of its casino portfolio.

STEVEN JOFFE
CHIEF EXECUTIVE OFFICER

JARROD FRIEDMAN
FINANCIAL DIRECTOR

On behalf of the board
27 August 2009

